

Message Text

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ACTION AF-18

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C O N F I D E N T I A L KINSHASA 7242

E.O. 11652: N/A

TAGS: ENRG, BTRA, CG

SUBJECT: TEXACO NEGOTIATIONS WITH GOZ

REF: KINSHASA 2648, 6704

1. ACTING E/C COUNSELOR CALLED ON STATE COMMISSIONER MUNTU WITH SIEBERT OF TEXACO BEFORE LATTER'S DEPARTURE FOR US.

2. SIEBERT TOLD MUNTU HE HAD BEEN NEGOTIATING WITH PETRO ZAIRE FOR JOINT VENTURE SINCE DECEMBER BUT THAT IN JULY SIGNALS WERE CHANGED AND NEGOTIATIONS CAME TO HALT. LAWRENCE SAID HE UNDERSTOOD THAT MOBUTU HAD TOLD VANCE IN MARCH THAT ARRANGEMENT COULD BE WORKED OUT FOR COOPERATION BY BOTH MOBIL AND TEXACO WITH PETRO ZAIRE. MUNTU SAID DOOR WAS STILL OPEN FOR COOPERATION AND OFFERED AS EVIDENCE AGREEMENTS SOON TO BE SIGNED WITH MOBIL.

3. SIEBERT SAID SUCH ARRANGEMENT WOULD NOT BE INTERESTING TO HIS COMPANY, WHICH PREFERRED FORMING NEW
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COMPANY ON 50-50 BASIS. MUNTU FIRST PLEADED BUDGETARY

CONSIDERATIONS, WHICH WOULD PRECLUDE SUCH ARRANGEMENT. SIEBERT POINTED OUT THAT GOZ CAPITAL WOULD BE REPRESENTED BY PART OF TEXACO'S TAKEN-OVER ASSETS, WHICH WOULD COST GOZ NOTHING. TEXACO PORTION WOULD COME FROM REMAINING ASSETS. ENTIRE INVESTMENT WOULD THUS REMAIN IN ZAIRE AND COMPENSATION BILL WOULD BE REDUCED.

4. MUNTU THEN SAID NO OTHER COMPANY COULD BE FORMED BY GOZ. PETRO ZAIRE AUTHORIZED BY LAW TO HANDLE EXCLUSIVELY IMPORTATION AND DISTRIBUTION PETROLEUM AND PRODUCTS. SIEBERT POINTED OUT THAT LAW AUTHORIZED PETROL ZAIRE TO FORM COMPANIES. MUNTU SAID THAT DOOR WAS OPEN FOR FORMATION OF A NEW COMPANY BY PETRO ZAIRE IF NEED COULD BE JUSTIFIED. HE EMPHASIZED THAT NATIONAL EXECUTIVE COUNCIL WOULD CONSIDER SUCH PROPOSAL ONLY IF PETRO ZAIRE COULD JUSTIFY IT AND SUGGESTED TO SIEBERT THAT HE HELP PETRO ZAIRE IN THAT TASK. SIEBERT SAID HE WOULD TAKE MATTER UP WITH HIS HEAD OFFICE AND STOCKHOLDERS.

5. COMMENT: MEETING WAS FRIENDLY, AND MUNTU GAVE IMPRESSION OF BEING WILLING COOPERATE WITH TEXACO, BUT OBVIOUSLY PREFERRED MOBIL-TYPE OF ARRANGEMENT. FLY IN OINTMENT IS, OF COURSE, THAT ANY REQUIREMENT PETRO ZAIRE MIGHT HAVE FOR OUTSIDE ASSISTANCE CAN BE FULFILLED BY MOBIL UNDER ITS COOPERATION AGREEMENTS. SIEBERT TOLD LAWRENCE HE SAW NO WAY TEXACO COULD GET AROUND MOBIL COMPETITION BUT HOPED HIS HOME OFFICE COULD COME UP WITH SOME IDEAS.
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